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## **BITCOIN VERSUS GOLD: WHICH IS MORE VALUABLE?**

***Abstract.** This article is dedicated to one of the modern information technology phenomena - Bitcoin cryptocurrency. We will try to figure out what it is, as well as compare it to gold and answer the most important and pressing question of the modern investments world – «Will the first and most famous cryptocurrency, such as Bitcoin, replace gold, which has remained as the main investment instrument in the world market for so long?»*

***Keywords:** Bitcoin, Gold, Cryptocurrencies, Investment instruments, Investments.*

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## **БИТКОИН ПРОТИВ ЗОЛОТА: ЧТО ЦЕННЕЕ?**

***Аннотация.** Статья посвящена одному из современных явлений в информационных технологиях – криптовалюте «Биткоин». Мы попробуем разобраться, что это такое, а также сравним его с золотом и ответим на самый главный и актуальный вопрос современного мира инвестиций - “Заменит*

*ли первая и самая известная криптовалюта «Биткоин» золото, так долго остававшееся главным инвестиционным инструментом на мировом рынке?»*

**Ключевые слова:** Биткоин, Золото, Инвестиционные инструменты, Криптовалюты, Инвестиции.

Bitcoin is the ultimate digital currency, created and based around blockchain technology. It has been recognized not that long ago and with that, debates about whether gold as a currency will be replaced by it or not are taking place everywhere up until this very date. Qualification of the debaters and their understanding of the topic are quite often puzzling. Occasionally materials are showing up, made by specialists who are initially not inclined to participate in such discussions, but those will almost immediately drown in the flood of useless commentary. Is there really the correct answer in this dispute and are not we facing a false choice?

Notes should be made, that gold not always has been the universal equivalent value. It all began with bronze money standard, which later was replaced by a silver one, only after that came the gold one (this can be also called bimetal standard, because it did not quite work with small change made of gold). But still, it was not that comfortable, because of how difficult it was to disburse with. Carrying around kilograms of gold was just another problem. Adding to that when a gold coin was lost, it would forever vanish from the money turnover, which could have had a rather negative future impact on the global economics.

Everybody sighed with relief when paper money appeared – these tiny papers were basically certificates for a specific number of gold. In the end, the golden standard was declined, however, that did not lead to gold losing its value, as some people expected back then: since 1971 the price of this precious metal has multiplied its value by 50 times.

Bitcoin, appeared not in the antic times, and its story is noticeably shorter. Not only it needs to be mined just like gold, but just like gold, when you lose it, it is gone forever from the money turnover. BTC (short for Bitcoin) can be lost even due to a simple mistake - like misspelling the address while transferring from one wallet to

another. Not to mention that using BTC in trading operations is as hard as it was with gold. And there is more to it. Bitcoin transactions are very slow, so paying with it in a cafe or restaurant is impossible (It should be noted that this problem can be solved if suddenly the governments will make an agreement and start issuing paper money not on the basis of gold, as it is done now, but on the basis of Bitcoin. Then the process of issuing money will be fundamentally different, but there will be no difference in the practical use of bills). Even though Bitcoin has made a huge impact on the crypto world, where it became the one and only payment method.

Why even is that, that people's minds are obsessed with comparison of gold and Bitcoin? That is a point quite hard to get. When the golden standard appeared, people did not start to throw their silver coins out in the window. Existence of such metal as platinum, which also can be used as the universal equivalent for money and goods, did not affect the pricing of gold. All metals mentioned are still coexisting with one another as an ultimate currency up until now.

A quite clear explanation about everyone's obsession about Bitcoin today can be made. It is all because of such thing as public opinion. The more Bitcoin topic is being discussed, the easier it gets for speculators to make money on it. Professionals in crypto world understand that, which leads to their opinions being based around which side they are on. That means that their commentaries are made, probably, because of the employer-company's one or another initiative they want to support, by trying to influence the value of gold or Bitcoin. Value of gold, however is much harder to impact on, so Bitcoin is getting talked about much more.

But how does Bitcoin industry actually work is a thing clear to a very short number of people, who prefer not to share useful information publically. But why should they? Instead of helping their rivals, cryptocurrency stock exchange market can be opened, so that professionals, using their skills could make money for themselves and others.

But why should it be the Bitcoin to replace gold or gold should not let Bitcoin take its place? There is still no clear answer to that question, however, it can be supposed, that BTC currency could possibly become the new "golden standard". Yes,

both of them do share drawbacks, but where Bitcoin really shines is in the ease of transferring it around the globe, which could be done fairly easily. Imagine multi-billion dollar transactions done in just one click! Not to mention that BTC does not need to be stored in a safe or vault. Governments pay huge money to maintain their gold supplies. But BTC can change things forever. Vaults and safes can be easily replaced by a simple flash drive, where all Bitcoin currency is stored, up to the entire budget of a whole country!

However, with all things said, people still cannot be sure about which one is better. Gold, as a currency, has been around for thousands and thousands of years, and still, is recognized everywhere. BTC, however, as a currency, that's been around for just a decade now, is a 'child' of a new digital age, and just like everything new and digital, cannot be estimated precisely, there simply is just not enough statistics yet. Meanwhile, a digital number made its way out of a physical number, not the other way, and until humankind decides to migrate into the web, there are no expectations about anything changing globally.

Likely, there will be no winner in this never-ending war of digital and physical currencies. Yes, crypto-gold can be imagined easily, but when in need, people will just swap Bitcoin to gold, or conversely. There is nothing specific that can be said about BTC value or its future in rivalry with gold. There are no existing ways of predicting the future, at least nowadays, which leads to the future of a new currency being unpredictable. Maybe, development of artificial intelligence and machine learning will clear out all the fog that surrounds Bitcoin. For now, the only sure thing for people - is investing in both digital and physical worlds.

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